

Newsletter, 20-V-2009

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A: ENTREPRENEURSHIP; DEVELOPMENT; GENERAL ITEMS

1. India Inc wants Govt to address fiscal deficit, focus on reforms

Before the elections, the Indian industry had prayed for only one kind of result – let any one party win big, let there not be a badly fractured verdict leading to Government that cannot move in any direction. Now the industry is happy that its wish has been granted. With the Congress getting substantial number of seats and the UPA likely to form the government with the support of “like minded parties”, India Inc heaves a sigh of relief. The President of the Confederation of Indian Industry, Mr Venu Srinivasan, told Business Line that he was happy that the India had “voted for stability”. Observing that this Government would be able to move forward with economic reforms, he said that the Indian industry would like the new government to address the issue of eliminating the fiscal deficit in quick time.

2. Investors flock to sectors high on reforms agenda

Riding high on expectations of fast-track economic reforms from the UPA government, investors flocked to those sectors that will be the key beneficiary during the next five years. As a result, the key sectoral indices in BSE witnessed solid surge on Monday with BSE realty recording a gain of 23.45%, capital goods index rising higher by 21.90%, BSE Bankex gaining 19.18% while Oil&Gas, Power and Public Sector Undertaking (PSU) indices registering a gain of 19.11%, 18.33% and 16.42% respectively.

3. Chief statistician counts on 8% growth patch

The economy could fire on all cylinders and outgrow all projections for the current fiscal, be it the finance ministry's 6% or the Reserve Bank of India's 5.7%, or even the far more pessimistic estimates of the IMF. According to Dr Pronab Sen, the country's chief statistician, the economy could be back on a high growth trajectory earlier than expected and grow all of 8% in the current fiscal that started in April.

4. World Bank paints a bleak picture of India on poverty

India now is ahead of only Sub-Saharan Africa among developing countries in terms of the percentage of population below the poverty line, though it fared better than China on this count in 1990, according to the World Bank. The multilateral lender, in its recently released report 'Global Economic Prospects for 2009', said a quarter of India's population will be living in extreme poverty, on less than USD 1.25 a day, in 2015.

5. Tatas amongst world's top five most reputed: global survey

The US-based brand and reputation management agency, Reputation Institute has mentioned five Indian firms among the top-50 in its annual list of the world's most reputed companies, noting that the world looks to "corporate India to find trust, admiration and good feeling". The list has been created on the basis of admiration, trust and good feeling that consumers have towards a company. Indian companies are amongst the top companies in the world in terms of their reputation, as per a study that has rated Tatas as more reputed than majors such as Google, Microsoft, Coca-Cola, GE and Walt Disney. The Tata group is at the 11th spot in the global list, which has been topped by Italy's chocolate maker Ferrero, Sweden's retailer IKEA and Johnson & Johnson of the US.

7. After Nano, Tatas offer flats for less than Rs 4 lakh (400,000)

After the low cost car Tata Nano, the Tata group is coming up with Nano homes under the name Shubh Griha, priced between Rs 3.9 lakh and Rs 6.7 lakh. The first township comprising of one bedroom-kitchen flats, to be built by the group's property development arm Tata Housing Development Company will come up in Mumbai suburb Boisar, in Thane district. This model will be later expanded across several metros, tier II and III cities in the country.

8. Record addition to ONGC reserves

Flagship explorer Oil and Natural Gas Corporation has added 284 million tonnes of oil and gas to its reserves through new discoveries and finding fresh polls in old acreages in 2008-09, the highest addition by the company in the past 18 years. The reserves had been added in fields operated by ONGC within the country and do not include the assets of its overseas subsidiary, ONGC Videsh Ltd.

9. ABN Amro April index points to manufacturing recovery

Indications of a revival in domestic demand emerged today, with the monthly ABN Amro Purchasing Managers' Index (PMI) crossing 50 for the first time since October 2008. The latest PMI reading is the highest in seven months and it has steadily risen after hitting a trough of 44.4 in December last year. A reading below 50 indicates that the manufacturing sector, which constitutes nearly 18 per cent of India's gross domestic product, is declining, whereas any number above 50 points to expansion. The greater the divergence from 50, the greater the rate of change.

10. NSE to prepare blueprint for pan-African stock exchange

The National Stock Exchange (NSE) has been asked to prepare a blueprint for a pan-African stock exchange in a move that would help deepen India's economic engagement with the continent, a finance ministry official said. NSE may partner stock exchanges in 53 African Union countries to enable local companies and investors to participate in a larger equity market. The NSE would provide technological support in the proposed project. Helping set up the stock exchange is part of New Delhi's Africa initiative aimed at bolstering South-South co-operation.

11. Lincoln Electric invests \$ 20 mn on India unit

US-based welding equipment manufacturing company Lincoln Electric, on Monday, inaugurated its manufacturing unit for the Indian market at Chennai. The NASDAQ listed company has invested US \$ 20 million on the plant, located inside the Mahindra World City special economic zone at Maramalainagar near Chennai. The company, which has been selling premium segment welding equipment imported from its plant at Cleveland, USA, in India, will manufacture mid-segment welding consumables in this plant for selling locally. Consumables are raw material like electrodes, rods, wires and fluxes which are 'consumed' during the welding process.

12. NRI remittances up 20-fold at \$4 bn

In an indication that the diaspora continues to repose faith in India amid turbulent times, net inflows from non-resident Indians witnessed a stupendous, over twenty-fold rise to \$4 billion in fiscal '09 as these constituents sharply increased their exposure to various NRI deposit schemes. Notably, inflows

in March '09 itself crossed \$1 billion, the highest since October '03, and testament to the fact that Indians abroad increasingly sought financial safety of their shores.

B: IT; ITES; R&D; TELCOS; TOURISM & HEALTH T.; SERVICES

13. Bharti Airtel crosses 100 mn customers

Bharti Airtel, India's largest telecom operator, announced today that it had got more than 100 million customers, making it the third-largest telecom company in the world, in terms of in-country subscribers. "It took us 15 years to get our first 100 million subscribers," said Sunil Bharti Mittal, Chairman and Group CEO, "but we are looking at acquiring our next 100 million customers in India within the next three years."

14. Finacle fans out beyond emerging markets

While credit conditions continue to be tight in the US and European markets, banks are utilising the excess cash to upgrade their IT systems and spruce up their back-offices. This is turning out to be the advantage of Finacle, the specialised core banking platform from Infosys Technologies. Finacle has been witnessing greater leverage in markets beyond its traditional strongholds in the past year. The platform, developed entirely out of India, saw its market share in Australia, Europe and the Americas grow over 8 per cent in 2008-09 from 32 per cent a year earlier.

15. Hetero bags mega chunk of govt's anti-flu drug deal

Hyderabad-based Hetero Drugs has bagged the lion's share of the government's 10-million anti-flu drug order. The company will supply nine million capsules of Oseltamivir, the generic version of Roche's Tamiflu, to the government. Industry officials estimate Hetero Drugs would earn Rs 30-35 crore from the order. The pharma company has the licence from Swiss drug major Roche to develop and sell the generic version of Tamiflu.

16. Biocon eyes biogenerics ride to US

According to Ms Mazumdar-Shaw, at least two of its anti-diabetes products would be comfortably in the US market by 2014-15 with significant market share. These are its biotech or human recombinant insulin and the diabetes analogue Glargine; the latter was approved by the domestic regulator recently. Obama's call for bio-generics and affordable healthcare heralds a new era for biotherapeutics. Our pipeline of bio-generic monoclonal antibodies and insulins supported by a strong manufacturing base provides us with a unique opportunity to build partnerships with key players in this segment." The West was concerned over the cost of healthcare and Indian companies stood to benefit as their affordable generic drugs would be preferred, she said.

17. Bio-processing tech for leather to make India world leader

Environment-friendly bio-processing of hides and skin to leather using enzymes in the pre-tanning process, a technology that can make India a world leader, is nearing commercialisation. The Central Leather Research Institute (CLRI) the lead institute in the development of the new technology, is in talks with tanneries to field test the new process, and with leather chemical manufacturers for the large-scale production of the new bio-process materials.

18. Jubilant inks research pact with AstraZeneca

Jubilant Biosys Ltd has signed a research collaboration agreement with US major AstraZeneca, focusing on delivering novel drugs into the international pharmaceutical company's pre-clinical pipeline. Under the shared risk-reward collaboration, which will initially focus on the neuroscience area, Jubilant aims to deliver a steady stream of discovery programs to AstraZeneca. Shares of Jubilant closed at Rs 132.95, up Rs 15.65 on the BSE on Tuesday.

19. Honeywell expects faster growth at India operations

"India has played a major role. We would not have been able to do that if we had not established the kind of capability we have here," Cote said. He was in Bangalore to inaugurate Honeywell's largest research centre globally. The firm has expanded its India workforce, which includes software professionals and aerospace researchers, to 11,000 from around 500 some six years ago.

20. Nortel sets up new network centre in Bangalore

Nortel has opened a new Global Network Operations Center (GNOC) in Bangalore to help remotely manage and support communications networks for enterprise and carrier customers across Asia, Europe and the Americas. The Bangalore GNOC provides round-the-clock network surveillance and performance monitoring for voice and data networks. This enables Nortel enterprise and carrier customers to focus their resources on the core business, instead of dedicating costly IT resources to maintain and manage their communications networks. This, in turn, helps these companies lower operational costs, maximise network efficiency and performance, and keep abreast of new, evolving technologies.

21. India to be Ericsson's hub for managed services

"We are investing here. This is a very good place to be for us. This has been the home country, if you like, for managed services and outsourcing. It is where this concept started and here we receive a lot of tasks that can be done cross border."

22. UK's Vitabiotics to expand presence here

UK-based nutritional and food supplement company Vitabiotics is looking at expanding its presence in India by setting up manufacturing and research facilities apart from introducing new products, said its CEO Tej Lalvani told ET. The \$385 million firm has already identified and started construction of a plant in Karnataka. "We will invest \$30 million in a new plant. We have just completed our R&D centre at Thane and it's up and running now," Mr Lalvani said.

C: AGROBUSINESS; RETAILING

23. Investment in retail tech solution to touch Rs 2,400 cr

In a tough economic situation, today's organised retailers want retail technology solutions for utilising retail space better, creating a better merchandise and enhancing supply chain management, creating better customer-centric models, people management and financial management, apart from enabling retailers to create revolutionary models, especially in multi-channel retail technology," said Rajagopalan,

24. Retail brands make a beeline for India

Hit by the retail slump in major markets, many international brands are looking for a foothold in India. These firms are in various levels of talks with India's top retailers and developers for signing up master franchisee or revenue sharing agreements. The companies are focused on fast food, fashion apparels and cosmetics—the segments that are growing at 15-20% annually, according consultants Jones Long LaSalle Meghraj. The brands planning an India entry include The Pizza Company and Spicchio Pizza (both pizza chains from Thailand), Coffee Club from Australia, Lolita Fashion, a Japanese brand, Revive Juice Bars from the UK, Mrs Fields Cookies and Jamba Juice from the US, and Jules- a French fashion brand. Other brands eyeing India include Alto Café, also from France, BBQ Chicken from Singapore, UAE-based Mikyajy, a cosmetics firm, and Nayomi, a lingerie brand from Saudi Arabia.

25. Amway to make India its sourcing hub



We are planning to source products from India for our global operations,” said William S Pinckney, chief executive officer & managing director of Amway India Enterprises, a wholly owned subsidiary of \$8.2-billion Amway Corporation. “We may either set up our own manufacturing plant in India or would source products from our existing contract manufacturers there for our operations across the world,” Pinckney said.

D: INDUSTRY

26. Tata Motors rakes in Rs 2,500 cr from Nano bookings

The company sold a total of 6.10 lakh forms which means that the conversion rate was a little under one-third. Economic Times was the first to report that total bookings would be around 2 lakh in its edition dated April 25. Although initial industry expectations were that bookings could be as much as 5 lakh, senior company officials maintain that the company has received a good response at a time when the car market is struggling for volumes.

27. Oetiker to supply clamps to VW, Hyundai India arms

Oetiker, the Swiss-based manufacturer of auto clamps with operations in Patalganga (Maharashtra), plans to kick off supplies to the Indian arms of Volkswagen (VW) and Hyundai. “Once production is in full swing, we will begin supplying clamps to VW and Hyundai from this plant. We are doing initial sampling now,” Mr Ulrich Meier, Chief Executive Officer, Oetiker Group, told Business Line. The plant has the capacity to produce 75 million clamps annually.

28. BHEL to re-enter wind energy biz

BHEL has decided to re-enter the wind energy business in a big way this year. The focus would be on equipment manufacture. The Ranipet unit of the engineering major, which has facilities for wind energy, will re-start the manufacturing activity.

29. Auto cos to ride small car wave

India, the world’s largest small car producer, is set to gain from the recent decisions of Germany, France, the UK, Italy and South Korea to give tax breaks and fiscal incentives to people buying small fuel-efficient cars. “Demand for compact cars with low emission norms is rising globally. We have bagged large orders from Germany, France, Italy and the UK, where customers are getting incentives to buy compact cars,” Maruti Suzuki India managing director S Nakanishi said. Maruti’s export order has doubled to 150,000 cars in the current fiscal.

30. BHEL announces major expansion plans

Bharat Heavy Electronics Ltd (BHEL), the country’s major power equipment maker, on May 5, 2009, announced its plans to invest US\$ 2.42 billion over the next four years to scale up both equity in various power projects and its capacity to support the generation of about 20,000 MW.

31. Royal Philips plans to make India its manufacturing hub

Royal Philips Electronics, Europe’s biggest consumer electronics group, plans to make India a hub for developing and manufacturing products for global markets and sourcing components across its core areas of lifestyle, healthcare and lighting, a top company executive said. “India is much less affected (by the global slowdown) than other global markets and represents a huge opportunity to not only grow sales in India, but even develop products and manufacture them for our global consumers,” Gottfried Dutine, board member and executive vice-president at the Dutch-based Philips, told ET.

32. Apollo acquires Dutch tyre maker Vredestein Banden

India’s largest tyre maker Apollo Tyres has acquired Dutch tyre maker Vredestein Banden for an undisclosed sum, gaining a foothold in the lucrative European tyre market and raising its annual

turnover by a quarter. Vredestein Banden, with an estimated annual revenues of 300 million euro (\$403 million), was a subsidiary of Russia's largest tyre manufacturer Amtel-Vredestein, which went bankrupt last month.

E: BASICS; INFRASTRUCTURES; EMPLOYMENT; FDI

33. After SAIL, pvt stainless steel cos' sales soar

Top private steelmakers witnessed robust sales growth in April 2009 compared with the same month last year on the back of healthy demand from construction and automotive sectors. Tata Steel and Essar witnessed up to 30% jump while JSW Steel's sales more than doubled during the month.

34. 'India's media, entertainment revenue to double in 3 years'

The turnover of India's media and entertainment is expected to double to Rs 1 lakh crore by 2011-12 because of a rise in consumerism and technological improvement, a study said. "The sector is expected to cross a turnover of Rs 1 lakh crore by 2011-12 (currently estimated at Rs 50,000 crore)," a study titled "India's Digital Revolution-Impact on Film & Television Sector", released by Assocham, said.

35. New fields to double ONGC gas output

Flagship explorer Oil and Natural Gas Corporation's natural gas production may almost double to 100 mcmd (million cubic metres a day) in the next 7-8 years as it progressively brings new finds into production, even as it gears up to invest over Rs 6,000 crore this fiscal to pump up volumes from its acreages under the seas.

36. Cement despatch growth at 5-year high in April

The domestic cement industry has seen robust growth since the start of FY10. The persistent high demand has seen the industry hit a five-year high in despatch growth in April. At a time when other manufacturing sectors are showing poor growth, cement sector has been an outperformer since November last year. The 212-million-tonne cement industry — world's second largest after China — despatched 16.65 million tonnes during the month, registering a growth of 13.03 per cent.

37. N-reactors: Kazakhstan likely to be first customer

India's efforts to develop an export market for the indigenous 220 MWe Pressurised Heavy Water Reactors (PHWR) could take-off soon, with Kazakhstan possibly the first overseas market for Indian-made reactors. Discussions between Nuclear Power Corporation of India Ltd (NPCIL) and the central Asian nation's nuclear utility Kazatomprom are at an advanced stage and a feasibility study on using Indian PHWR designs is in the works for an unspecified number of nuclear reactors.

38. Cement companies add 8 mt capacity in April

Cement companies have added nearly eight million tonnes (mt) capacity in April, taking the total installed level to 219 mt. According to the Cement Manufacturers' Association, the UltraTech/Grasim combine led the way with 4.5 mt, followed by Dalmia Cements with 2 mt and India Cements with 1.1 mt.